



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Discussion and Appropriate Action Regarding Budget Deficit and Vehicle License Fee Backfill Impacts to the City of Lodi

MEETING DATE: December 17, 2003

PREPARED BY: Deputy City Manager

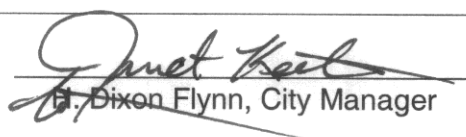
RECOMMENDED ACTION: That Council discuss and taking the appropriate action regarding the impending budget challenges and shortfalls as anticipated due to the Vehicle License Fee backfill, and rising costs of CalPERS, medical, and general liability.

BACKGROUND INFORMATION: As is typical, the City Manager annually presents Council with what are called "mid-year budget adjustments." What is atypical this year is the anticipated severity of budget challenges that the City of Lodi, along with cities throughout the State of California, will be faced with for the balance of Fiscal Year 2003-04 through Fiscal Year 2004-05 at a minimum. As Council is aware, cities are facing extraordinary increases in medical, PERS, and general liability expenses all of which are surmountable in the short-term. What has thrown the City's budget into a potential tailspin in the short-term is the threat, and perhaps reality of being cut off from the much needed Vehicle License Fee backfill. Lodi's VLF backfill is \$5.4 million over a two-year period. We are opposed to the State not keeping its commitment to pay the backfill to local governments.

Throughout the State, cities are struggling with the VLF backfill issue and have advocated that citizens be made aware that layoffs and service cuts should be attributable to the State's action. As it has been coined, "these budget cuts are being brought to you courtesy of the State."

In reaction to the VLF issue, and proactively in anticipation of other budget shortfalls, the City Manager convened meetings with staff over the course of the last two months to begin preparing for the fiscal challenges. Mr. Flynn subsequently encouraged department directors to evaluate their respective "core missions." In other words, what must they do within their departments to maintain core services for the City. What ensued was a hard look at citizens', elected officials', and staff's expectations for certain standards of services within our community. The City Manager next created a menu of budget suggestions including basics such as an overall reduction in travel and business expenses to more specific reductions. The suggestions were then identified as Phase I reductions which will be addressed immediately and Phase II and III reductions which will need, in some cases, much further discussion and debate.

APPROVED:


Dixon Flynn, City Manager

The Phase I suggestions are as follows and may be implemented immediately:

Phase I	2003-2004	2004-2005	Total 18 mos.
ICMA survey fee	(6,000)	(6,000)	(12,000)
Leadership Lodi & UOP	(2,300)	(5,400)	(7,700)
Skate park	(30,000)	(65,000)	(95,000)
City Manager reduction in travel expense	(8,000)		(8,000)
City Manager reduction in benefits	(10,000)		(10,000)
ISD training budget reduction	(40,000)		(40,000)
Finance - change final notification process	(8,000)		(8,000)
Eliminate unencumbered GASB 34 funds	(10,000)		(10,000)
HR freeze job reclassification studies	(3,450)		(3,450)
Library reduce maint & repair duplication	(8,000)		(8,000)
Library reduce summer reading club supplies	(1,200)		(1,200)
Defer purchase of sod cutter for year	(5,000)		(5,000)
	2,385,062	1,784,512	4,169,574

The City Manager will review the budget challenges with Council and will additionally discuss the various Phases of recommendations should the VLF backfill not be restored to the City of Lodi. The City Manager will introduce his budget committee.

FUNDING: Not Applicable

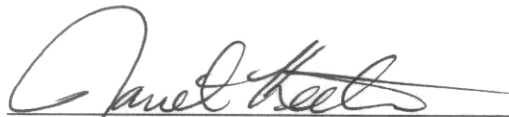

 Janet S. Keeter
 Deputy City Manager

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Leadership Lodi & UOP	(2,300)	(5,400)	(7,700)
Skate park	(30,000)	(65,000)	(95,000)
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Library reduce summer reading club supplies	(1,200)		(1,200)
Defer purchase of sod cutter for year	(5,000)		(5,000)
	131,950	76,400	208,350

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FUNDING: Not Applicable



Janet S. Keeter
Deputy City Manager

AGENDA ITEM I-2



**CITY OF LODI
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Addendum

RECOMMENDED ACTION: That Council discuss and taking the appropriate action regarding the impending budget challenges and shortfalls as anticipated due to the Vehicle License Fee backfill, and rising costs of CalPERS, medical, and general liability.

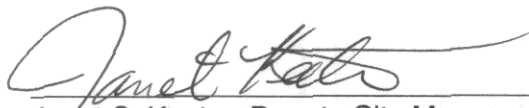
BACKGROUND INFORMATION: This list is provided to Council as an introduction of the City Manager's Budget Review Committee comprised of business leaders. He will work with these individuals who are well-versed in budgets and who have a pulse on the community. These Committee members are to be commended for graciously volunteering their time. In addition, the City Manager is recommending that a much broader citizen's committee be formed in the near future to further assist in budget reviews.

City Manager's Budget Review Committee:

(Business Representatives)

Dennis Bennett
Bill Huyett
Annette Murdaca
Debbie Olson
Randy Snider
Kent Steinwert
Bob Wheeler
Leon Zimmerman

FUNDING: Not Applicable


Janet S. Keeter, Deputy City Manager

APPROVED: 
H. Dixon Flynn, City Manager

filed in 1-2
 Item 1-2
 Exhibit A

General Fund -- The Challenge

	6 mo 2004	2004-05	Grand Total	Value of GF positions
Adjustments to amounts budgeted				
PERS increase	\$ 51,946	\$ 189,940	\$ 241,886	
Medical rate increase	(59,378)	(352,700)	(412,078)	
General Liability	100,000	-	100,000	
Additional VTO	(92,840)		(92,840)	
Skate Park	30,000	65,000	95,000	
Golden Handshake	200,000	400,000	600,000	
Unrestricted Capital		(2,232,000)	(2,232,000)	
Fund Balance Adjustment 1/2		774,236	774,236	
sub total	229,728	(1,155,525)	(925,797)	
Revenue lost - VLF	2,680,606	2,680,606	5,361,212	
	\$ <u>2,910,334</u>	\$ <u>1,525,082</u>	\$ <u>4,435,416</u>	<u>68</u>

General Fund Recommended Adjustments

	6 mo 2004	2004-05	Total 18 mo	Value of GF positions
Phase I				
ICMA survey fee	(6,000)	(6,000)	(12,000)	(0.18)
Leadership Lodi & UOP	(2,300)	(5,400)	(7,700)	(0.12)
Skate park	(30,000)	(65,000)	(95,000)	(1.46)
City Manager reduction in travel expense	(8,000)		(8,000)	(0.12)
City Manager reduction in benefits	(10,000)		(10,000)	(0.15)
ISD training budget reduction	(40,000)		(40,000)	(0.62)
Finance - change final notification process	(8,000)		(8,000)	(0.12)
Eliminate unencumbered GASB 34 funds	(10,000)		(10,000)	(0.15)
HR freeze job reclassification studies	(3,450)		(3,450)	(0.05)
Library reduce maint & repair duplication	(8,000)		(8,000)	(0.12)
Library reduce summer reading club supplies	(1,200)		(1,200)	(0.02)
Defer purchase of sod cutter for year	(5,000)		(5,000)	(0.08)
	(131,950)	(76,400)	(208,350)	(3)



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA ITEM I-2

*filed 12-17-03
D. Flynn
Exhibit B*

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PREPARED BY: Deputy City Manager

Addendum

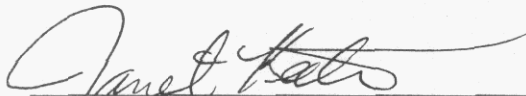
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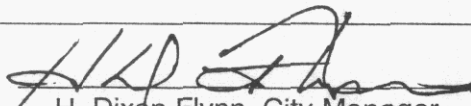
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FUNDING: Not Applicable


Janet S. Keeter, Deputy City Manager

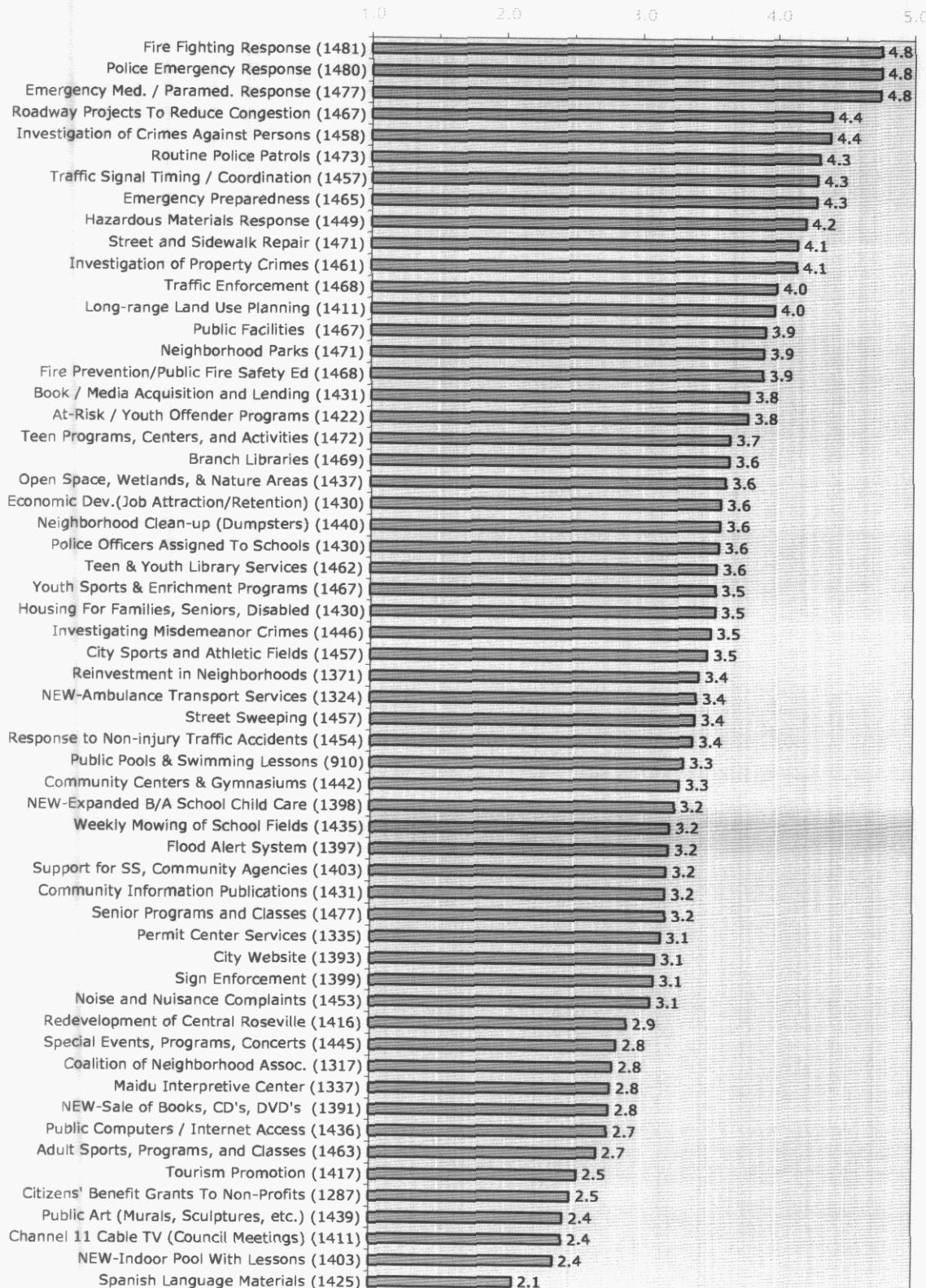
APPROVED:


H. Dixon Flynn, City Manager

filed 12-17-03
D. Flynn
Exhibit C



Roseville Budget Survey - Random Sample - 7/03 (Final) **Average Score Ranking of General Fund Services**



Services are ranked from highest to lowest importance, based on average scores using a 1-5 rating scale (5 = highest). 1506 survey respondents rated services. Numbers shown in parentheses are the number of respondents who rated that service.

I-2
filed 12-17-03
D. Flynn
Exhibit D

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